



## Small Business and IP Theft Key Statistics

### The Threat

- American businesses lose \$250 billion a year to copyright piracy, and intellectual property theft costs 750,000 jobs a year. *U.S. Chamber of Commerce Report, "What Are Counterfeiting and Piracy Costing the U.S. Economy?"*
- According to the World Customs Organization, more than \$600 billion in pirated and counterfeited goods flooded the world market in 2005.
- Annual estimated global loss by industry are as follows, all of which are part of the estimated \$512 billion in global sales lost to counterfeit goods each year:
  - The Federal Trade Commission (FTC) estimates that automotive suppliers lose \$12 billion in sales to product counterfeiting, which includes an estimate of a \$3 billion sale loss in the U.S. and a \$9 billion sale loss in foreign markets. *Motor & Equipment Manufacturers Association, Government Affairs 2005 Issue Book.*
  - The FTC also estimates that by eliminating fakes in the auto sector alone, the U.S. auto industry could create at least 200,000 more auto-related jobs. *Statement of The Hon. Cliff Stearns, The Committee on Energy and Commerce, Subcommittee on Commerce, Trade, and Consumer Protection, U.S. House of Representatives. June 15, 2005.*
  - Losses to the U.S. recording industry total about \$4.2 billion worldwide. "Issues: Anti-Piracy" *Recording Industry Association of America, <http://www.riaa.com/issues/piracy/default.asp>, 2003.*
  - The U.S. motion picture industry loses more than \$3.5 billion annually. *Motion Picture Association of America, <http://www.mpaa.org/anti-piracy/press/index.htm>, July 30, 2004.*

### Consumer Health and Safety at Risk

- In December 2003, the Department of Homeland Security's Bureau of Immigration and Customs Enforcement announced seizures of counterfeit electrical goods and batteries valued at approximately \$8 million. Product approval marks certifying a product's safety are being counterfeited, and counterfeit batteries and parts have caused dangerous explosions of electronic equipment and children's toys. *Department of Homeland Security Press Release.*
- Counterfeit drugs account for 10 percent of all drugs sold in this country. *Food and Drug Administration white paper on counterfeit drugs, 2003.*

[www.stopfakes.gov/smallbusiness](http://www.stopfakes.gov/smallbusiness)

## **Computer Piracy: A Growing Problem**

- In 2004, global losses due to piracy increased from \$29 billion to \$33 billion. Second Annual Business Software Alliance and IDC Global Software Study, May 2005.
- Worldwide, the software industry estimates that 35 percent of software programs are pirated and they estimate that 90 percent of software program in China are pirated. *Second Annual Business Software Alliance and IDC Global Software Study, May 2005.*

## **Fighting Back**

- Beginning June 29, 2005, the FBI and law enforcement from 10 other countries conducted over 90 searches worldwide as part of "Operation Site Down," which was designed to disrupt and dismantle many of the leading criminal organizations that illegally distribute and trade in copyrighted software, movies, music, and games on the Internet. Four individuals were arrested in the United States, and searches and/or arrests occurred in Canada, Israel, France, Belgium, Denmark, the Netherlands, United Kingdom, Germany, Portugal and Australia. Conservative estimates of the value of pirated works seized in the raids exceed \$50 million, and more than 120 leading members of the organized online piracy underground have been identified by the investigation to date. *U.S. Dept of Justice Press Release, June 30, 2005.*
- In April 2004, the FBI Cyber Division and the U.S. Department of Justice's Computer Crimes and Intellectual Property Section (CCIPS) conducted "Operation Fastlink," the most far-reaching and aggressive enforcement action ever undertaken against organizations involved in illegal intellectual property piracy over the Internet. Law enforcement from 10 countries and the United States conducted over 120 searches worldwide to dismantle some of the most well-known and prolific online piracy organizations. Operation Fastlink also resulted in the seizure of more than 200 computers, including 30 computer servers that functioned as storage and distribution hubs. These servers collectively contained hundreds of thousands of copies of pirated works. *U.S. Dept of Justice Press Release, April 22, 2004.*
- During the first half of fiscal year 2004, there was a 60 percent increase in criminal arrests for intellectual property rights crimes. *U.S. Dept of State Press Release, Oct 4, 2004.*
- In 2004, U.S. Customs and Border Protection seized more than \$138 million in counterfeit goods at our borders, an increase of \$44 million from 2003. The total number of seizures – 7,255 – represents an 11.6 percent increase in the number of seizures in 2003 and is more than double the number seized in 2001 and 2000. *U.S. Customs and Border Protection data, 2005.*
- Of the 2004 seizures, apparel represented \$51,736,651, or about 37 percent of the total. Counterfeit cigarettes and handbags/wallets/backpacks represented another \$47 million worth of seizures. *U.S. Customs and Border Protection data, 2005.*
- By far, most of the seized counterfeit goods in 2004 came from China. Of the \$138 million in seized goods, \$87 million, or 63 percent were imported to the U.S. from China. The next highest value of goods came from Russia – \$7.3 million worth of counterfeit Russian goods were seized. *U.S. Customs and Border Protection data, 2005.*
- Since 2000, the number of seizures of counterfeit goods at our nation's borders has increased by 100 percent. *U.S. Dept of State Press Release, Oct 4, 2004.*